

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Rail Safety and Carriers Division**

**RESOLUTION TL-18982**

**January 23, 2002**

**RESOLUTION**

**RESOLUTION ADJUSTING THE RATES IN MAXIMUM RATE  
TARIFF 4, GOVERNING THE TRANSPORTATION OF USED  
HOUSEHOLD GOODS AND PERSONAL EFFECTS BY HOUSEHOLD  
GOODS CARRIERS.**

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**SUMMARY**

Effective today, Maximum Rate Tariff 4 (MAX 4) maximum rates are increased by 2.4%.

**BACKGROUND**

MAX 4 contains rates and rules for the transportation of used household goods and personal effects over the public highways within California by household goods carriers.

Since 1996, Public Utilities Code Section (Sec.) 5191 has required that MAX 4 rate levels be adjusted at least once annually on, or immediately after, January 1. The adjustment is to be made by using the same index methodology relied upon in 1992 to assist in the initial establishment of MAX 4 rates, or by using another index methodology we find to be appropriate. Also, the adjustment must cover the period of time from the date the index was last relied upon to the latest date index data is available. Index increases must be offset by a reasonable percentage to encourage higher productivity and promote efficiency and economy of operation by household goods carriers.

By Decision (D.) 98-04-064, issued April 23, 1998, we decided to use for the future the 1992 index methodology set forth in Sec. 5191, and adopted the productivity “offset factor” of 0.669 to apply when that methodology produces an index increase. The 1992 methodology was the result of the adoption of a settlement between the active parties in our last household goods program investigation (D.92-05-028 in Investigation (I.) 89-11-003). (44CPUC 2d 211, 229, 325.) Under

that methodology, MAX 4 rates are adjusted by a formula based on inflation, with the exception of the packing materials rates contained in Item 340 of the tariff. Our 1992 decision set packing materials rates in Item 340 at the values in the interstate Household Goods Carriers' Bureau Tariff HGB 400-G, Item 106. We subsequently increased the Item 340 rates in response to formally filed requests by the household goods carrier industry. (See D.95-02-025, D.95-07-024, and D.00-01-046).

We also determined in the 1998 decision that index changes in 1999 and future years should be calculated to the nearest one-tenth of one percentage point, with the tariff being amended only when the index change (adjusted by the offset factor in the case of an increase) amounts to 0.5 percentage points or more. That is, if the methodology dictates a January rate change of less than 0.5 percentage points in a given year, the change will be postponed until the subsequent January in which the cumulative change produced by the methodology amounts to at least 0.5 percentage points.

As has been the case since Sec. 5191 first directed us to index MAX 4 rates, any rate change we order here for Year 2002 must be based on the index change accruing between the last month for which we have relied on index data (October 2000) and the most recent month that is administratively feasible to use to enable us to publish new MAX 4 rates in January 2002.

## **DISCUSSION**

The latest month we can use to calculate index change since October 2000 for implementation in January 2002, is October 2001.

A description of the index, the index number calculations and application of the productivity factor that must be made to arrive at the adjustment in MAX 4 rates for the period October 2000 through October 2001 is set forth in Appendix A to this Resolution. The calculations show that the methodology produces an increase, adjusted for productivity, of 2.4% for this period. The revised MAX 4 tariff pages listed in Appendix B and attached, increase maximum rates by this percentage. They are made effective today.

To comply with Public Utilities Code Sec. 311(g), the Rail Safety and Carriers Division commenced publication of a Daily Calendar notice on December 21, 2001 that apprised the public of the availability of its draft of this resolution and solicited submission of comments by January 10, 2002. No comments were received.

### **FINDINGS**

1. Sec. 5191 requires the Commission to adjust MAX 4 rates on or immediately after January 1 of each year using an index methodology.
2. By D.98-04-064 we set forth the index methodology and related productivity adjustment factor to be used pursuant to Sec. 5191 to make yearly MAX 4 rate adjustments.
3. The 2002 MAX 4 rate adjustment required by Sec. 5191 should cover the period of time from October of 2000 through October of 2001.
4. The index change reflected in Appendix A should be applied in 2002. It supports a MAX 4 rate increase of 2.4% for all tariff rates except packing materials rates in Item 340.
5. Increasing all MAX 4 rates except the packing materials rates in Item 340 by 2.4% in January 2002 will satisfy the MAX 4 rate adjustment provisions contained in Sec. 5191 and in D.98-04-064.
6. The MAX 4 packing materials rates should remain at their current levels, pending adjustment upon the granting of an application requesting their modification.

### **THEREFORE, IT IS ORDERED that:**

1. Maximum Rate Tariff 4 (Attachment B to Decision 92-05-028, as amended) is further amended by incorporating the revised tariff pages attached and listed in Appendix B to this resolution, effective today.
2. The Executive Director shall cause a copy of this Resolution to be served on each subscriber to Maximum Rate Tariff 4 and all appearances in Investigation 89-11-003.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted by the Commission at its regularly scheduled meeting on January 23, 2002. The following Commissioners voted favorably thereon:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN

Executive Director

LORETTA M. LYNCH

President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

Attachments: Appendix A  
Appendix B  
Tariff pages

## APPENDIX A

### INDEX CALCULATIONS FOR DETERMINING THE JANUARY 23, 2002 MAX 4 RATE ADJUSTMENT REQUIRED BY PUBLIC UTILITIES CODE SECTION 5191

This index process involves deriving an average index number from two others contained in the publication Consumer Price Indexes - Pacific Cities and U.S. City Average. This publication is issued by the Federal Department of Labor, Bureau of Labor Statistics (BLS) and is updated monthly.

The BLS values averaged together are those from the All Urban Consumers category for 1) the Los Angeles-Riverside-Orange Co. (LA-R-O) area and 2) the San Francisco-Oakland-San Jose (SF-O-SJ) area<sup>1</sup>.

The following calculations show the degree of MAX 4 rate change required by Sec. 5191 for January 2002:

#### BLS All Urban Consumers Index Category

|  | October 2000  |            | October 2001 <sup>2</sup> |
|--|---------------|------------|---------------------------|
| LA-R-O area  | 513.40        |            | 526.60                    |
| SF-O-SJ area   | <u>563.80</u> |            | <u>589.20</u>             |
| 2000 total   | 1,077.20/2    | 2001 total | 1,115.80/2                |
| 2000 avg.  | 538.60        | 2001 avg.  | 557.90                    |
| $(01 \text{ avg.} - 00 \text{ avg.} / 00 \text{ avg.}) 100 = \text{change} \times 0.669^3 = \text{adjustment}$ |               |            |                           |
| $(557.90 - 538.60 / 538.60) 100 = 3.58 \times 0.669 = 2.4\%$   |               |            |                           |

Thus, the MAX 4 rates, except packing materials rates, should be increased by 2.4% on January 23, 2002.

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<sup>1</sup> This is the "averaged" index derivation set forth in Exhibit 105 in the I.89-11-003 proceeding and relied upon in establishing MAX 4 rates by Decision 92-05-028, dated May 28, 1992.

<sup>2</sup> The October 2001 index value is the most current one allowing Commission review at the January 23, 2002 meeting.

<sup>3</sup> This productivity factor was established in I.89-11-003 and is set forth in Decision 98-04-064.

**APPENDIX B**

**LIST OF REVISED PAGES TO  
MAXIMUM RATE TARIFF 4:**

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